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Congress of the United States

House of Representatives

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CO-CHAIR

September 1, 2005

The Honorable Alberto R. Gonzales
Attorney General
Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530

The Honorable Samuel Bodman
Secretary
Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Dear Attorney General Gonzalez and Secretary Bodman:

As we watch the human tragedy unfold in the Gulf Coast, our government's first priority must be to aid in the survival and recovery of the region's citizens. It is also important that during this period of national catastrophe, we do not allow unscrupulous actors to profiteer from the vulnerability of the American public.

As we have seen, gasoline prices continue to climb to record highs – motorists in New Jersey and in other states across the nation have seen prices skyrocket in recent days – in some cases to well over \$3.00 a gallon. Although oil companies have placed blame on events outside of their control, there is a distinct possibility that price gouging by energy corporations may be responsible for soaring prices at the pump and in our homes. I request that this Administration undertake an immediate investigation to ensure that oil companies are not exploiting the national catastrophe of Hurricane Katrina to inflate already massive profits at the expense of the American consumer.

Due to a spate of recent mergers in the oil industry, the largest ten refiners of oil operating in America have control of over 78% of domestic refining capacity. This level of concentration is far greater than it was a decade ago, when the largest ten refineries owned slightly over 50% of the market. These conglomerates have a virtual monopoly on market share and can easily pursue practices that lead to price-gouging. The Federal Trade Commission concluded in March 2001 that oil companies pursued "profit maximizing strategies" to intentionally withhold gasoline supplies as a tactic to drive up prices. In addition, deregulated energy markets have removed transparency from the oil futures markets, allowing companies and investment banks to potentially manipulate market prices.

President Bush warned this morning that “there ought to be zero tolerance of ...price gouging at the gasoline pump.” I think that sentiment is indisputable, but words are far from enough. Gasoline and home heating oil are too important as commodities in American economic life to be left to the whims of a few energy companies. Only a regulatory regime with real teeth and investigatory power will be able to ensure that the local gas retailer and consumer are not being fleeced by powerful oil companies cashing in on the unease of an anxious citizenry. The survival of the middle class and the economic vitality of this country are at stake. The investigation I request must be open and exposed to the light of public scrutiny.

Thank you for your attention to this important matter.

Sincerely,

A handwritten signature in black ink that reads "Bill Pascrell Jr". The signature is written in a cursive, flowing style with a large, sweeping "J" at the end.

Bill Pascrell, Jr.
Member of Congress